

# PATENT COOPERATION TREATY

From the INTERNATIONAL SEARCHING AUTHORITY

To: Samir A. Bhavsar  
Baker Botts LLP  
2001 Ross Avenue  
Dallas, Texas 75201

**DOCKETED**

**PCT**

NOTIFICATION OF TRANSMITTAL OF  
THE INTERNATIONAL SEARCH REPORT AND  
THE WRITTEN OPINION OF THE INTERNATIONAL  
SEARCHING AUTHORITY, OR THE DECLARATION

(PCT Rule 44.1)

Date of mailing  
(day/month/year) **20 FEB 2007**

Applicant's or agent's file reference  
**075234.0224**

**FOR FURTHER ACTION** See paragraphs 1 and 4 below

International application No.  
**PCT/US06/28140**

International filing date  
(day/month/year) **21 July 2006**

Applicant **CANTOR INDEX LLC**

1. ☒ The applicant is hereby notified that the international search report and the written opinion of the International Searching Authority have been established and are transmitted herewith.

**Filing of amendments and statement under Article 19:**

The applicant is entitled, if he so wishes, to amend the claims of the international application (see Rule 46):

**When?** The time limit for filing such amendments is normally two months from the date of transmittal of the international search report.

**Where?** Directly to the International Bureau of WIPO, 34 chemin des Colombettes  
1211 Geneva 20, Switzerland, Facsimile No.: +41 22 740 14 35

**For more detailed instructions**, see the notes on the accompanying sheet.

2. ☐ The applicant is hereby notified that no international search report will be established and that the declaration under Article 17(2)(a) to that effect and the written opinion of the International Searching Authority are transmitted herewith.

3. ☐ **With regard to the protest** against payment of (an) additional fee(s) under Rule 40.2, the applicant is notified that:
- ☐ the protest together with the decision thereon has been transmitted to the International Bureau together with the applicant's request to forward the texts of both the protest and the decision thereon to the designated Offices.
- ☐ no decision has been made yet on the protest; the applicant will be notified as soon as a decision is made.

**4. Reminders**

Shortly after the expiration of **18 months** from the priority date, the international application will be published by the International Bureau. If the applicant wishes to avoid or postpone publication, a notice of withdrawal of the international application, or of the priority claim, must reach the International Bureau as provided in Rules 90bis.1 and 90bis.3, respectively, before the completion of the technical preparations for international publication.

The applicant may submit comments on an informal basis on the written opinion of the International Searching Authority to the International Bureau. The International Bureau will send a copy of such comments to all designated Offices unless an international preliminary examination report has been or is to be established. These comments would also be made available to the public but not before the expiration of 30 months from the priority date.

Within **19 months** from the priority date, but only in respect of some designated Offices, a demand for international preliminary examination must be filed if the applicant wishes to postpone the entry into the national phase **until 30 months** from the priority date (in some Offices even later); otherwise, the applicant must, **within 20 months** from the priority date, perform the prescribed acts for entry into the national phase before those designated Offices.

In respect of other designated Offices, the time limit of **30 months** (or later) will apply even if no demand is filed within 19 months.

See the Annex to Form PCT/IB/301 and, for details about the applicable time limits, Office by Office, see the *PCT Applicant's Guide*, Volume II, National Chapters and the WIPO Internet site.

Name and mailing address of the ISA/US  
Mail Stop PCT, Attn: ISA/US  
Commissioner for Patents  
P.O. Box 1450, Alexandria, Virginia 22313-1450  
Facsimile No. 571-273-3201

Authorized officer:

Blaine R. Copenheaver

Telephone No. 571-272-7774

# PATENT COOPERATION TREATY

# PCT

## INTERNATIONAL SEARCH REPORT

(PCT Article 18 and Rules 43 and 44)

|  |   |   |
|--|---|---|
| Applicant's or agent's file reference<br>075234.0224 | <b>FOR FURTHER ACTION</b>   | see Form PCT/ISA/220<br>as well as, where applicable, item 5 below. |
| International application No.<br>PCT/US06/28140      | International filing date <i>(day/month/year)</i><br>21 July 2006 | (Earliest) Priority Date <i>(day/month/year)</i><br>26 July 2005    |
| Applicant<br>CANTOR INDEX LLC                        |   |   |

This international search report has been prepared by this International Searching Authority and is transmitted to the applicant according to Article 18. A copy is being transmitted to the International Bureau.

This international search report consists of a total of   3   sheets.

☒ It is also accompanied by a copy of each prior art document cited in this report.

**1. Basis of the report**

a. With regard to the **language**, the international search was carried out on the basis of:

- ☒ the international application in the language in which it was filed  
☐ a translation of the international application into \_\_\_\_\_, which is the language of a translation furnished for the purposes of international search (Rules 12.3(a) and 23.1(b))

b. ☐ With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application, see Box No. I.

2. ☐ **Certain claims were found unsearchable** (see Box No. II)

3. ☐ **Unity of invention is lacking** (see Box No. III)

4. With regard to the **title**,

- ☒ the text is approved as submitted by the applicant  
☐ the text has been established by this Authority to read as follows:

5. With regard to the **abstract**,

- ☐ the text is approved as submitted by the applicant  
☒ the text has been established, according to Rule 38.2(b), by this Authority as it appears in Box No. IV. The applicant may, within one month from the date of mailing of this international search report, submit comments to this Authority

6. With regard to the **drawings**,

- a. the figure of the **drawings** to be published with the abstract is Figure No.   1
- ☐ as suggested by the applicant  
☒ as selected by this Authority, because the applicant failed to suggest a figure  
☐ as selected by this Authority, because this figure better characterizes the invention
- b. ☐ none of the figures is to be published with the abstract

# INTERNATIONAL SEARCH REPORT

International application No.

PCT/US06/28140

## Box No. IV Text of the abstract (Continuation of item 5 of the first sheet)

A system for wagering on a jackpot race event, comprises a memory and a processor. The memory stores a qualifying bet associated with a customer and comprises first and second bet components. The first bet component is associated with a first qualifying race event and comprises a first bet amount. The second bet component is associated with a second qualifying race event and comprises a second bet amount. The processor identifies the outcome of the first and second bet components. If both the first and second bet components are winning bets, the processor allocates to the customer a particular number of jackpot bets for a jackpot race event. The particular number of jackpot bets is based at least in part upon the first bet amount and the second bet amount. The first bet amount is allocated to a common pari-mutuel pool for the first qualifying race event.

## INTERNATIONAL SEARCH REPORT

International application No.  
PCT/US06/28140

## A. CLASSIFICATION OF SUBJECT MATTER

IPC(8) - (2007.01) A63F 13/00

USPC - 463/26, 28

According to International Patent Classification (IPC) or to both national classification and IPC

## B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

IPC(8) (2007.01) A63F 13/00

USPC - 463/26-28, 42

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)

USPTO EAST System (US, USPG-PUB, EPO, DERWENT), IP.com

## C. DOCUMENTS CONSIDERED TO BE RELEVANT

| Category* | Citation of document, with indication, where appropriate, of the relevant passages | Relevant to claim No. |
|-----------|--|-----------------------|
| X         | US 2002/0177483 A1 (CANNON) 28 November 2002 (28.11.2002) entire document          | 1-39                  |
| A         | US 2005/0032565 A1 (CHENG et al) 10 February 2005 (10.02.2005) entire document     | 1-39                  |
| A         | US 2004/0229671 A1 (STRONACH et al) 18 November 2004 (18.11.2004) entire document  | 1-39                  |
| A         | US 2005/0107153 A1 (JUBINVILLE et al) 19 May 2005 (19.05.2005) entire document     | 1-39                  |
| A         | US 2004/0193531 A1 (AMAITIS et al) 30 September 2004 (30.09.2004) entire document  | 1-39                  |

☐

Further documents are listed in the continuation of Box C.

☐

\* Special categories of cited documents:

"A" document defining the general state of the art which is not considered to be of particular relevance

"E" earlier application or patent but published on or after the international filing date

"L" document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)

"O" document referring to an oral disclosure, use, exhibition or other means

"P" document published prior to the international filing date but later than the priority date claimed

"I" later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention

"X" document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone

"Y" document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art

"&amp;" document member of the same patent family

Date of the actual completion of the international search

16 January 2007

Date of mailing of the international search report

20 FEB 2007

Name and mailing address of the ISA/US

Mail Stop PCT, Attn: ISA/US, Commissioner for Patents  
P.O. Box 1450, Alexandria, Virginia 22313-1450

Facsimile No. 571-273-3201

Authorized officer:

Blaine R. Copenhaver

PCT Helpdesk: 571-272-4300  
PCT OSP: 571-272-7774

# PATENT COOPERATION TREATY

From the  
INTERNATIONAL SEARCHING AUTHORITY

To: Samir A. Bhavsar  
Baker Botts LLP  
2001 Ross Avenue  
Dallas, Texas 75201

# PCT

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

(PCT Rule 43bis.1)

|   |   |
|---|---|
| Date of mailing<br>(day/month/year) <b>20 FEB 2007</b>  |   |
| Applicant's or agent's file reference<br><b>075234.0224</b>   | <b>FOR FURTHER ACTION</b><br>See paragraph 2 below                |
| International application No.<br><b>PCT/US06/28140</b>  | International filing date (day/month/year)<br><b>21 July 2006</b> |
| Priority date (day/month/year)<br><b>26 July 2005</b>   |   |
| International Patent Classification (IPC) or both national classification and IPC<br><b>IPC(8) - (2007.01) A63F 13/00</b><br><b>USPC - 463/26, 28</b> |   |
| Applicant<br><b>CANTOR INDEX LLC</b>  |   |

**1. This opinion contains indications relating to the following items:**

- ☒ Box No. I Basis of the opinion
- ☐ Box No. II Priority
- ☐ Box No. III Non-establishment of opinion with regard to novelty, inventive step and industrial applicability
- ☐ Box No. IV Lack of unity of invention
- ☒ Box No. V Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement
- ☐ Box No. VI Certain documents cited
- ☐ Box No. VII Certain defects in the international application
- ☐ Box No. VIII Certain observations on the international application

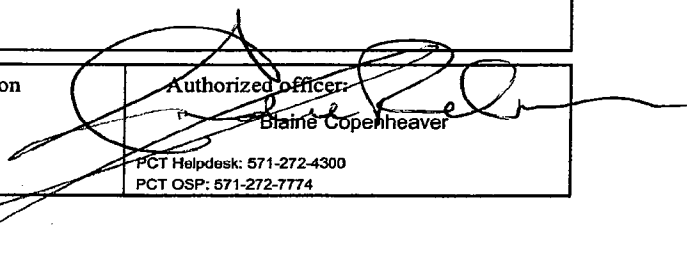
**2. FURTHER ACTION**

If a demand for international preliminary examination is made, this opinion will be considered to be a written opinion of the International Preliminary Examining Authority ("IPEA") except that this does not apply where the applicant chooses an Authority other than this one to be the IPEA and the chosen IPEA has notified the International Bureau under Rule 66.1bis(b) that written opinions of this International Searching Authority will not be so considered.

If this opinion is, as provided above, considered to be a written opinion of the IPEA, the applicant is invited to submit to the IPEA a written reply together, where appropriate, with amendments, before the expiration of 3 months from the date of mailing of Form PCT/ISA/220 or before the expiration of 22 months from the priority date, whichever expires later.

For further options, see Form PCT/ISA/220.

**3. For further details, see notes to Form PCT/ISA/220.**

|   |  |   |
|---|--|---|
| Name and mailing address of the ISA/US<br>Mail Stop PCT, Attn: ISA/US<br>Commissioner for Patents<br>P.O. Box 1450, Alexandria, Virginia 22313-1450<br>Facsimile No. 571-273-3201 | Date of completion of this opinion<br><br><b>16 January 2007</b> | Authorized officer:<br><br>Blaine Copenhaver<br>PCT Helpdesk: 571-272-4300<br>PCT OSP: 571-272-7774 |
|---|--|---|

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

International application No.  
PCT/US06/28140

Box No. I      Basis of this opinion

1. With regard to the **language**, this opinion has been established on the basis of:

- ☒ the international application in the language in which it was filed  
☐ a translation of the international application into \_\_\_\_\_, which is the language of a translation furnished for the purposes of international search (Rules 12.3(a) and 23.1(b)).

2. With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application and necessary to the claimed invention, this opinion has been established on the basis of:

a. type of material

- ☐ a sequence listing  
☐ table(s) related to the sequence listing

b. format of material

- ☐ on paper  
☐ in electronic form

c. time of filing/furnishing

- ☐ contained in the international application as filed  
☐ filed together with the international application in electronic form  
☐ furnished subsequently to this Authority for the purposes of search

3. ☐ In addition, in the case that more than one version or copy of a sequence listing and/or table(s) relating thereto has been filed or furnished, the required statements that the information in the subsequent or additional copies is identical to that in the application as filed or does not go beyond the application as filed, as appropriate, were furnished.

4. Additional comments:

**WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY**

International application No.  
PCT/US06/28140

**Box No. V Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement**

**1. Statement**

|                               |        |      |     |
|-------------------------------|--------|------|-----|
| Novelty (N)                   | Claims | 1-39 | YES |
|                               | Claims | None | NO  |
| Inventive step (IS)           | Claims | None | YES |
|                               | Claims | 1-39 | NO  |
| Industrial applicability (IA) | Claims | 1-39 | YES |
|                               | Claims | None | NO  |

**2. Citations and explanations:**

Claims 1-39 lack an inventive step under PCT Article 33(3) as being obvious over Cannon, US Pub No. 2002/0177483 A1.

Referring to claims 1, 14, and 27, Cannon discloses a method and system for a contestant to win wagers on a feature ("jackpot race" as claimed) event by qualifying through a primary event.

Cannon's system and method receives qualifying bets for a primary event comprising a bet component and a bet amount using a plurality of gaming units. For a contestant to qualify for a feature event he/she must win his/her bets on the gaming units (see sections [0041-0044]). A contestant is able to increase the number of bets he/she wins for the feature event by continuing to play the primary event ([0047]). A common pari-mutuel pool format is used for the feature event ([0059]).

Cannon does not explicitly disclose a first and second bet component associated with first and second qualifying races as claimed. Cannon does disclose that it will be understood that the concept of "winning a wager" (the equivalent to "jackpot bets" as claimed) to enter a feature event may be implemented in various manners ([0043]) and the invention may be susceptible to various modifications and alternative forms ([0082]). One of ordinary skill in the art would recognize that the bet components associated with a primary qualifying event of Cannon and the first and second bet components associated with first and second qualifying race events as claimed are functionally equivalent. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to utilize first and second qualifying race events with their associated bet components as claimed in replacement of the primary qualifying event with its bet component of Cannon. Doing so would increase the difficulty for a contestant to qualify for a feature event and win bets for the feature event of Cannon.

Referring to claims 2, 15, and 28, Cannon does not explicitly disclose a method and system further comprising:

determining a first payout for the first bet component;  
determining a second payout for the second bet component;  
allocating a portion of the first payout to a jackpot race pool associated with the jackpot race event; and  
allocating a portion of the second payout to the jackpot race pool.

Cannon does disclose paying out a primary bet in the form of wagers for a feature event ([0041-0042]) and funding a "winner take all pool" by a percentage of points wagered ([0060]). It would have been obvious to one of ordinary skill in the art to utilize these teachings for both first and second bet components. Doing so would ensure that all bets were accounted for when funding the "winner take all pool".

Referring to claims 3, 16, and 29, Cannon discloses a method and system wherein the following types of bets: an exacta bet; a trifecta bet; a quinella bet; and a superfecta bet, are applicable to a feature event ([0023]). Cannon does not explicitly disclose wherein a first and second bet components comprise these types of bets. However, using the teachings of Cannon, it would have been obvious to one of ordinary skill in the art at the time of the invention to recognize that the above mentioned bets would be applicable to bet components applied by the system of Cannon. Doing so would provide greater flexibility in the number of betting options.

Referring to claims 4, 17, and 30, Cannon does not explicitly disclose a method and system wherein each bet component comprises a selection of at least two participants in a particular qualifying race event.

Cannon does disclose that it will be understood that the concept of "winning a wager" (the equivalent to "jackpot bets" as claimed) to enter a feature event may be implemented in various manners ([0043]) and the invention may be susceptible to various modifications and alternative forms ([0082]). It would have been obvious to one of ordinary skill in the art at the time of the invention to recognize that multiple alternative forms of "winning a wager" would be implemented in Cannon's system including selecting at least two participants in a particular qualifying event. Doing so would change the difficulty a contestant faces in trying to win wagers for the feature event in Cannon's system.

Referring to claims 5, 18, and 31, Cannon does not explicitly disclose a method and system wherein the qualifying race events are selected from the following types of race events: a horse race; a dog race; and an auto race. Cannon does disclose a qualifying event in which gaming units are used for contestants to qualify for a feature event ([0041-0044]), wherein the feature event may be one of a dog race, a horse race or an auto race ([0019]). It would have been obvious to one of ordinary skill in the art at the time of the invention that using a dog, horse, or auto race as a qualifying event instead of a gaming unit would be well within the scope and spirit of Cannon's invention, particularly since Cannon already discloses that the feature event may be one of these types of events. Doing so provides further flexibility to the system as there would be more qualifying events to choose from for implementing in the system.

(Continued in Supplemental Box)

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

International application No.

PCT/US06/28140

Supplemental Box

In case the space in any of the preceding boxes is not sufficient.

Continuation of:

Box V

Referring to claims 6, 19, and 32, Cannon does not explicitly disclose a method and system wherein the qualifying bet further comprises a third bet component associated with a third qualifying race event, the third bet component associated with the customer and comprising a third bet amount, wherein allocating the jackpot bets to the customer occurs upon the further condition that the third bet component is a winning bet. Cannon does disclose that it will be understood that the concept of "winning a wager" (the equivalent to "jackpot bets" as claimed) to enter a feature event may be implemented in various manners ([0043]) and the invention may be susceptible to various modifications and alternative forms ([0082]). It would have been obvious to one of ordinary skill in the art at the time of the invention to recognize that multiple alternative forms of "winning a wager" would be implemented in Cannon's system including betting and winning a third qualifying race event. Doing so would change the difficulty a contestant faces in trying to win wagers for the feature event in Cannon's system.

Referring to claims 7, 20, and 33, Cannon does not explicitly disclose a method and system wherein the qualifying bet further comprises a third bet component associated with the first qualifying race event, the third bet component associated with the customer and comprising a third bet amount, wherein allocating the jackpot bets to the customer occurs upon the further condition that at least one of the first bet component and the third bet component is a winning bet. Cannon does disclose that it will be understood that the concept of "winning a wager" (the equivalent to "jackpot bets" as claimed) to enter a feature event may be implemented in various manners ([0043]) and the invention may be susceptible to various modifications and alternative forms ([0082]). It would have been obvious to one of ordinary skill in the art at the time of the invention to recognize that multiple alternative forms of "winning a wager" would be implemented in Cannon's system including betting and winning a first or third bet component. Doing so would change the difficulty a contestant faces in trying to win wagers for the feature event in Cannon's system.

Referring to claims 8, 21, and 34, Cannon does not explicitly disclose a method and system wherein each of the first and second bet components are received in a single transaction. Cannon does disclose that it will be understood that the concept of "winning a wager" (the equivalent to "jackpot bets" as claimed) to enter a feature event may be implemented in various manners ([0043]) and the invention may be susceptible to various modifications and alternative forms ([0082]). It would have been obvious to one of ordinary skill in the art at the time of the invention to recognize that multiple alternative forms of "winning a wager" would be implemented in Cannon's system including first and second bet components being received in a single transaction. Doing so would change the difficulty a contestant faces in trying to win wagers for the feature event in Cannon's system.

Referring to claims 9, 22, and 35, Cannon does not explicitly disclose a method and system wherein the first qualifying race event and the second qualifying race event are selected by the customer from a series of qualifying race events that occur prior to the jackpot race event. Cannon does disclose a qualifying event in which a plurality of gaming units are used for contestants to qualify for a feature event prior to the jackpot race event ([0041-0044]). A contestant has the ability to play multiple gaming units as qualifying events. It would have been obvious to one of ordinary skill in the art at the time of the invention that using a plurality of race events as qualifying event instead of the gaming units of Cannon would be well within the scope and spirit of Cannon's invention. Doing so provides further flexibility to the system as there would be more qualifying events to choose from for implementing in the system.

Referring to claims 10, 23, and 36, Cannon discloses a method and system further comprising dividing substantially equally at least a portion of the jackpot race pool among winning customers for the jackpot race event ([0060]).

Referring to claims 11, 24, and 37, Cannon discloses a method and system wherein the jackpot race pool is associated with a first jackpot race event and further comprising allocating the jackpot race pool to a second jackpot race event if there are no winning customers for the first jackpot race event ([0059] and [0063]).

Referring to claims 12, 25, and 38, Cannon does not explicitly disclose a method and system wherein between 10% and 50% of the payouts are allocated to the jackpot race pool. Cannon does disclose that awards provided for a winning "wager" in an event may be structured in numerous ways [0058]. Cannon also discloses that pari-mutuel type wagering may be implemented [0059]. Pari-mutuel is well known as a betting system in which all bets of a particular type are placed together in a pool; taxes and a house take are removed. It would have been obvious to one of ordinary skill in the art at the time of the invention that in a pari-mutuel betting system a "house take" and "allocating a percentage of payouts to a jackpot race pool" are functionally equivalent as both involve allocating a percentage of a pool to an alternative place. It would have been further obvious to one of ordinary skill in the art at the time of the invention that a variety of percentages, including between 10% and 50%, would be able to be taken out of the pool. Doing so would allow for flexibility in the size of a winnings pool for a feature event in the system of Cannon.

Referring to claims 13, 26, and 39, Cannon does not disclose a method and system wherein: each bet component comprises a selection of at least two participants in a particular qualifying race event, each participant associated with odds to win the particular qualifying race event; and the particular number of jackpot bets is based at least in part upon the odds of at least some of the selected participants. Cannon does disclose that it will be understood that the concept of "winning a wager" (the equivalent to "jackpot bets" as claimed) to enter a feature event may be implemented in various manners ([0043]) and the invention may be susceptible to various modifications and alternative forms ([0082]). Cannon also discloses the use of odds ([0019]) for a particular race event. It would have been obvious to one of ordinary skill in the art at the time of the invention to recognize that multiple alternative forms of "winning a wager" would be implemented in Cannon's system including selecting at least two participants associated with odds to win a particular qualifying event. Doing so would change the difficulty a contestant faces in trying to win wagers for the feature event in Cannon's system.

Claims 1-39 meet the criteria set out in PCT Article 33(4), and thus have industrial applicability because the subject matter claimed can be made or used in industry.